- Judge Greene gives approving nod to AT&T divestiture
- Atlanta opens doors for 'biggest ever' Eastern Show
- Viacom lands Showtime via settlement with Group W
- Franchise fees, tax proposals ripple through country

CableVision

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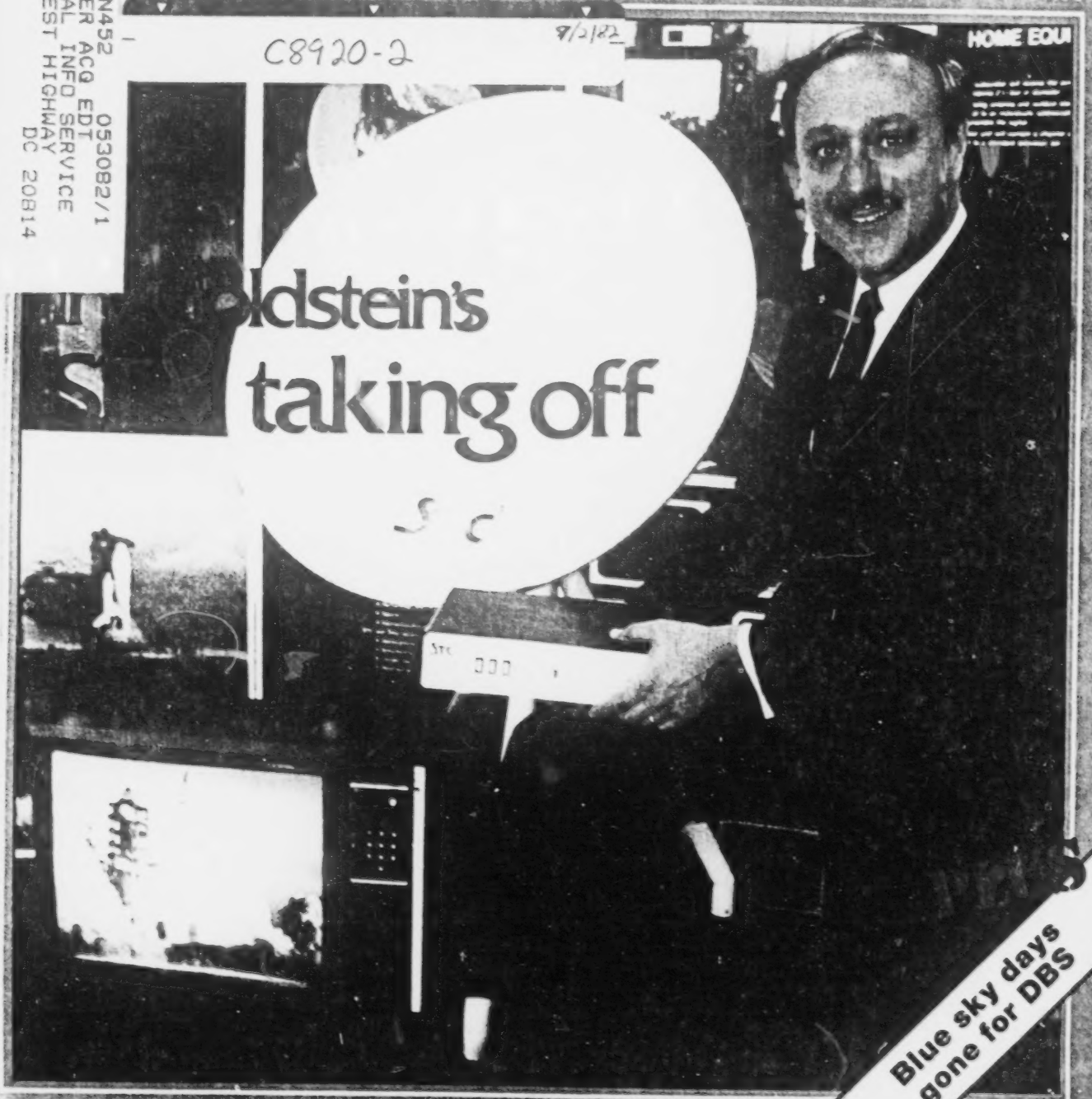

ldstein's taking off

Blue sky days gone for DBS

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Judge Harold Greene

Bell gets Greene light

U.S. District Court Judge Harold Greene gave final approval to the AT&T Justice Department settlement. That agreement could result in a significantly different telecommunications industry. **Leading the week, pages 13-20.**

High court test?

Turner Broadcasting System may face further court battles before it can broadcast NCAA football games as a result of an appeal filed on behalf of Cox Broadcasting and ABC. **Leading the week, pages 13-20.**

Intrepid unveiling

In keeping with its tradition of unusual backdrops for press conferences, USA Cable Network introduced its new fall schedule aboard the aircraft carrier U.S.S. Intrepid. **Leading the week, pages 13-20.**

Program semantics

Just how do pay services define original, made-for-pay cable series? Depending on who you ask, the definitions cover a wide area with some factors clearly more meaningful than others. **Page 27.**

Wescom expansion

Wescom Productions, a company that originally concentrated on pay TV sales, has begun to broaden its involvement to include packaging and production of original basic cable products. **Page 31.**

PRIZM analysis

A PRIZM study, conducted for the USA Cable Network, has concluded that USA's subscriber base is extremely heavy in middle- and upper-income suburban households. **Page 39.**

HIS opinion

More than half of the people exposed to a home information service system study show a "high propensity" to purchase and pay more than $20 per month for the product. **Page 40.**

Texscan life line

Carl Pehlke, Texscan president and CEO, is familiar with the benefits of a long life line. Those benefits have been passed along to the Arizona-based equipment manufacturer that is looking for and finding new growth along with the old. **Page 45.**

Showtime showdown

It is business as usual at Showtime, one week after the finalization of the divorce of its parents, Viacom International and Group W Cable. **Page 50.**

Superstars in Atlanta

"Cable TV: The New Superstar" reads the banner introducing this year's Eastern Show, and the Southern Cable Television Association has booked a solid program of events to capitalize on that theme. **Page 83.**

Ruling disputes

Franchise disputes have the courts and regulatory officers busy in New Jersey and Pennsylvania. Claims and counterclaims threaten to snarl the arrival of cable in at least two cities in those states. **Page 101.**

Paying in Peoria

The FCC, along with General Electric Cablevision, is gearing up for an appeal of a federal judge's ruling that the FCC's authority to regulate franchise fees was "void and of no effect" in a case brought by the city of Peoria, Ill. **Page 103.**

New Jersey tax

The draft of a proposed bill that would slap a 5 percent sales tax on cable systems has been released with little fanfare, but faces major opposition on the part of the New Jersey Cable TV Association. **Page 103.**

This week in PLUS

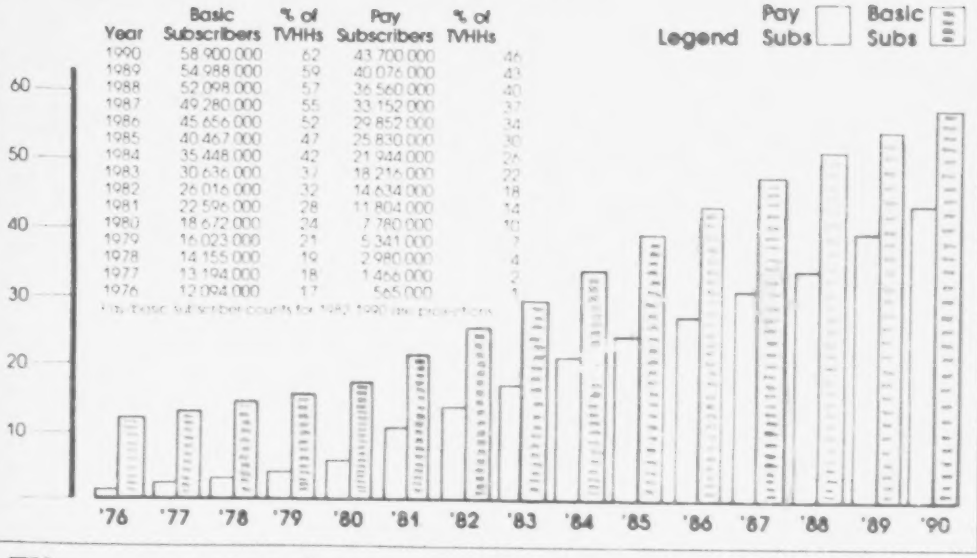
Not since the last round of megabuck buy-outs in the cable industry have so many been so eager to bet so many millions on the promise of a new media delivery system. Applicants are panting on the doorstep of the FCC, waiting for the go-ahead to drop from $200 million to $700 million on the theory there is a big enough market outside the reach or means of the cable industry. One of the leaders in the DBS parade is Satellite Television Corp., the Comsat subsidiary set up to prove there is indeed dessert to be made from cable's leftovers. Irv Goldstein, president of STC, gives *Plus* readers a preview of the bold enterprise. **Pages 59-82.**

Cable stats

Pay/basic cable growth

Year	Basic Subscribers	% of TVHHs	Pay Subscribers	% of TVHHs
1990	58,900,000	62	43,700,000	46
1989	54,988,000	59	40,076,000	43
1988	52,098,000	57	36,560,000	40
1987	49,280,000	55	33,152,000	37
1986	45,656,000	52	29,852,000	34
1985	40,467,000	47	25,830,000	30
1984	35,448,000	42	21,944,000	26
1983	30,636,000	37	18,216,000	22
1982	26,016,000	32	14,634,000	18
1981	22,596,000	28	11,804,000	14
1980	18,672,000	24	7,780,000	10
1979	16,023,000	21	5,341,000	7
1978	14,155,000	19	2,980,000	4
1977	13,194,000	18	1,466,000	2
1976	12,094,000	17	565,000	1

(*) Basic subscriber counts for 1982, 1990 are projections



Cable barometer

Television households (TVHH) ... 81,500,000

Homes passed by cable (HP) 44,252,000

Percent of TVHH passed by cable 54.30%

Basic cable subscribers 24,242,000

Percent of TVHH with basic cable .. 29.75%

Percent of HP with basic cable .. 54.78%

Pay cable subscribers 13,219,000

Percent of TVHH with pay cable ... 16.22%

Percent of HP with pay cable ... 29.87%

Percent of basic subs with pay cable 54.29%

Figures are as of May 31, 1982

Film product comparison— September

Film	Networks					Distributor
A Lady Takes a Chance					C*	Prime TV Films
A Little Romance			TMC	(HTN)	C	Warner Bros
Abba—The Movie				HTN*	C	Warner Bros
Action of the Tiger		ST				MGM/UA
Adam's Woman					C	Warner Bros
Agency	HBO		TMC			Viacom
Airplane			(TMC)	(HTN)	C	Paramount
Alice Sweet Alice		(ST)	TMC	-		Lorimar
Alien	HBO*					20th Century Fox
All Night Long		ST				Universal
All The Marbles	HBO	ST	TMC			MGM/UA
American Gigolo		(ST)	(TMC)		C	Paramount
An Eye For an Eye	(HBO)	ST	(TMC)			Wescom
Back Roads					C*	CBS
Badlanders		ST				MGM/UA
Barbarella		ST				Paramount
Bells Are Ringing				HTN*	(C)	MGM/UA
Betrayed		(ST)		HTN		MGM/UA
Black Beauty	HBO		(TMC)			Paramount
The Blackboard Jungle				HTN	(C)	MGM/UA
Bloodbrothers					C	Warner Bros
The Blue Lagoon		ST	TMC			Columbia
Bobby Deerfield				HTN		Warner Bros
The Boogey Man			TMC			GS
The Boss' Son			TMC			Boss' Son Productions
Breaker Morant				HTN*	C	New World
Breakthrough	HBO*					Worldvision
Brian's Song		ST		HTN	C	Columbia
Cabo Blanco					C*	Embassy
Callaway Went Thataway		ST				MGM/UA
The Cannonball Run	HBO*					HBO
Carry On, Emmanuelle		ST*				Excel Video
Cattle Annie and Little Britches	HBO				(C)	Heindale
The Chinese Connection			TMC			Richard Graff
Circle of Two	HBO		TMC			World Northal
Clash of the Titans	(HBO)		TMC*	HTN*		MGM/UA
The Conqueror					C*	Universal
Continental Divide	(HBO)	(ST)	(TMC)	HTN*		Universal
Contract on Cherry Street	HBO					Columbia
Deadly Blessing	HBO*					PolyGram
Deadly Games		(ST)	TMC			Atlantic
Death in Venice					C	Warner Bros
Death Valley			TMC			Universal
Drive-In					C*	Columbia
Elvis	(HBO)	ST*		(HTN)		Worldvision
Endless Love	HBO					PolyGram
The Enforcer	HBO*					Warner Bros
The Exterminator						Embassy
Eye of the Needle	(HBO)	ST*	TMC			MGM/UA
Fade to Black			(TMC)			Compass International
Far from the Madding Crowd	(HBO)	(ST)	TMC	HTN*		MGM/UA
Fear No Evil					C*	Embassy
The Fifth Musketeer					C	Columbia
The Fixer					C*	MGM/UA
Flash Gordon	(HBO)				C*	HBO
Foul Play	HBO	ST*	(TMC)			Paramount
The Four Seasons	(HBO)	(ST)	(TMC)	HTN*		Universal
Free Spirit			TMC			Brenner
Galaxy of Terror	(HBO)	ST				New World
The Gathering				HTN		Worldvision
Gigi	(HBO)	(ST)		HTN*		MGM/UA
The Glass Bottom Boat		(ST)			C	MGM/UA
Greased Lightning	HBO			HTN		Warner Bros
The Great Bank Hoax				HTN		Warner Bros
The Great Texas Dynamite Chase					C*	New World
Gulliver's Travels			TMC			Art Greenfield

Film	Networks					Distributor
The Gumball Rally				HTN	(C)	Warner Bros
Hangar 18		ST	(TMC)	(HTN)		Worldvision
The Hanging Tree				(HTN)	C	Warner Bros
Hans Christian Anderson's Magic Adventure					C	Angel Ibarra
Harry's War	HBO	ST	TMC			Cy Fisher
The Happy Hooker Goes To Hollywood					C	Swank
The Happy Hooker Goes to Washington					C*	Swank
Headin' For Broadway	HBO					20th Century Fox
Heartbeeps			TMC*	(HTN)		Universal
Heartland		ST	TMC			Wilam Morris
Heaven Can Wait	(HBO)	ST	(TMC)			Paramount
Hell Night			TMC			Compass International
The High and the Mighty				HTN	(C)	Batjac
High Risk	(HBO)	(ST)	TMC			Viacom
HOTS		(ST)	TMC		(C)	Blum Group
Honky Tonk Freeway					C*	AFD
How I Won the War			(TMC)		C	MGM/UA
The Hunter			(TMC)		C*	Paramount
I'll Cry Tomorrow		(ST)		HTN	C	MGM/UA
The Incredible Shrinking Woman		(ST)	TMC	(HTN)		Universal
The Incredible 20th Century				HTN*		20th Century Fox
In Praise of Older Women					C	Embassy
The Irishman	HBO					Atlantic
It Lives Again					C	Warner Bros
It Started All Night the Day I Left			TMC*			Viacom
Jack the Giant Killer						
Kagemusha					C	MGM/UA
Key to the City				HTN		20th Century Fox
The Kid from Not So Big	HBO	ST				MGM/UA
Kill and Kill Again	(HBO)	ST	(TMC)	HTN		Film Gallery
Knightriders			TMC*			Film Ventures
The Last Giraffe						United Film
Lisa's Back Again					C	Worldvision
Lion of the Desert	HBO				C	Warner Bros
Little Darlings		ST	(TMC)			Magnum
Looker	HBO	ST	TMC	HTN	C	Paramount
Looking For Mr. Goodbar	HBO	(ST)	(TMC)			Warner Bros
The Looney, Looney, Looney Bugs Bunny Movie	HBO	(ST)	(TMC)	(HTN)		Paramount
Loose Shoes		ST*	(TMC)			Warner Bros
Love Me Or Leave Me		(ST)		HTN		Film Gallery
Lovers and Liars			TMC			MGM/UA
Lunch Wagon		ST*	TMC			Samuel Goldwyn Co
M					C	Seymour Borde
Mad Max					C*	Janus
Made in Paris		(ST)		HTN	C	Orion
The Man with Bogart's Face		ST*	TMC	HTN*	(C)	MGM/UA
McHale's Navy						Viacom
Mogambo				HTN	(C)	Batjac
Mommie Dearest				HTN*		MGM/UA
Moscow Does Not Believe in Tears	HBO	ST	TMC			Paramount
Mr. Klein		ST	TMC			IFEX
Murder at the World Series			TMC			Columbia
My Champion	(HBO)	ST			C	HBO
Ned Kelly			TMC			Film Gallery
The Nesting	HBO					MGM/UA
Never Never Land	HBO		(TMC)			Quality Cable
Nightmare						Thorn EMI
Nine to Five			TMC*	HTN*	C*	HBO
						20th Century Fox

Cable stats

Film	Networks					Distributor
No Nukes			TMC		C*	MUSE
Nothing by Chance				HTN		Comm'tv
The Octagon					C*	ACI
The Other Side of the Mountain, Part II	HBO*		(TMC)	(HTN)		Universal
Outland	HBO	ST	TMC	HTN		Warner Bros
Outrage		ST				MGM/UA
Penelope				HTN	C	MGM/UA
The Pilot	HBO		TMC	(HTN)		Atlantic
The Pinchliffe Grand Prix		ST*	TMC		C*	G.G. Communications
Popeye				HTN*		Paramount
The Private Eyes				HTN*	(C)	HBO
Quo Vadis		(ST)		HTN		MGM/UA
Raggedy Man	(HBO)	(ST)	(TMC)	HTN*		Universal
Rashomon					C	Janus
The Return			TMC			J&M
The Return of a Man Called Horse					C	MGM/UA
Robin ad Marian					C	Columbia
Rockshow					C	Miramax
Rollercoaster	HBO			HTN		Universal
Royal Wedding		(ST)		HTN*		MGM/UA
Search and Destroy	(HBO)	ST*				Vidcom
Sex Ray		ST				Miramax
Shipwreck		(ST)	TMC	HTN	C*	Warner Bros
Silence of the North			(TMC)	HTN*		Universal
Sinbad and the Eye of the Tiger					C	Columbia
Sphinx		ST		HTN*		Warner Bros
The Spiral Staircase	HBO*			(HTN)		Warner Bros
Spirit of St. Louis				(HTN)	C*	Warner Bros
The Split					C	MGM/UA
St. Helens	HBO*					Michael Murphy
Strange Behavior		ST*				World Northal
Student Bodies	HBO		TMC*			Paramount
Superfly					C	Warner Bros
Sweet Sugar		ST*				Swank
The Talking Whale					C*	ITC
Tarka the Otter		ST*		(HTN)		Sotav
Tarzan, The Ape Man	(HBO)	ST	(TMC)			MGM/UA
Tess	(HBO)			HTN		Columbia
The 39 Steps	HBO			HTN*		Rank
This is Elvis		ST*		(HTN)		Warner Bros
Times Square			TMC			AFD

Film	Networks					Distributor
Treasure Island		ST*		(HTN)		Warner Bros
Tribute					C	HBO
Trilogy		ST				Vidcom
Tulips	HBO					Embassy
Under the Rainbow	(HBO)	ST*	(TMC)	HTN		Warner Bros
Urban Cowboy					C	Paramount
Viva Las Vegas				HTN		MGM/UA
The Water Babies			(TMC)	HTN		Scott Mager
The Way We Were				(HTN)	C*	Columbia
Which Way is Up?	HBO		(TMC)			Universal
Willy Wonka and the Chocolate Factory	HBO*			(HTN)		Warner Bros
Women in Love					C*	MGM/UA
Young and Free	(HBO)	ST			(C)	Marvin
Zorro The Gay Blade	(HBO)	(ST)	(TMC)	HTN*		20th Century Fox

■ **Cable Network Legend**

HBO—Home Box Office
ST—Showtime
TMC—The Movie Channel
HTN—Home Theater Network Plus
C—Cinemax

■ Networks in parentheses indicate carriage in April, May, June, July and/or August.

■ An asterisk following a network indicates the film is a carry-over from April, May, June, July and/or August.

■ In total, 180 films appear on the September schedules of HBO, Showtime, The Movie Channel, HTN Plus and Cinemax. Of those titles during the last six months (April-September 1982), 10 films have appeared on four of the five services, 29 on three and 53 on two services. Eighty-eight films are unduplicated.

■ The motion picture distributor to pay cable with the most titles featured this month is MGM/UA with 30, followed by Warner Brothers with 25 and Paramount with 14. Effective this month, Filmways pictures will be listed under Orion, in conjunction with the company's recent name change.

■ Faye Dunaway as Joan Crawford in "Mommie Dearest" appears on Showtime. The Movie Channel and Cinemax program guide covers this month: Sharing the stage with Faye on the TMC guide is "Outland." All The Marbles," and the Richard Burton/Tatum O'Neal drama, "Circle of Two." Showtime's cover also depicts "All the Marbles," excerpts from "Romance ... Faerie Tale Theater," and "Morning's at Seven"—all slightly programming. Richard Harris' portrayal of King Arthur in "Camelot" dons the HBO cover with Harris also sharing space on Cinemax's cover.

STV licensees

NEW YORK

Smithtown
Franchisee: WHT (Wometco Home Theatre)
Licensed station: 67
3200 Expressway Dr. S.
Central Islip, N.Y. 11722
(516) 582-6700
General manager: Herb Lefkowitz
Franchisee parent firm: Wometco Enterprises Inc.
Metro population: 967,350
Application granted date:
Start-up date: 1/80
Programming: Recent major films, sports and entertainment specials, "Nightcap" late night adult fare
Subscribers:*
Rates: Installation: $60.00
Monthly: $21.00
*Combined Newark, N.J. and Smithtown, N.Y.

OHIO

Cincinnati
Franchisee: ON TV
Licensed station: 64
5179 Fishwick
Cincinnati, Ohio 45216
(513) 641-4400
General manager: James Casey
Franchisee parent firm: Home Entertainment Network, a subsidiary of United Cable Television Corp.
Metro population: 686,000
Application granted date: 6/77
Start-up date: 2/80
Programming: ON TV, stand-alone programming and program guide based in Cincinnati office. ON PLUS, adult tier programming locally.
Subscribers: *69,018 (as of 6/15/82)
Rates: Installation: $54.95
Monthly: $20.95 Additional tier: $4.95
*Combined Cincinnati and Dayton

Cleveland
Franchisee: Preview
Licensed station: 61 WCLQ
4950 Harvard Ave.
Cleveland, Ohio 44105
(216) 641-6420
General manager: Tom Tryanor
Franchisee parent firm: American TV and Communications Corp. (ATC)
Metro population: 3,719,300
Application granted date: 9/78
Start-up date: 3/81
Programming: Blockbuster movies
Subscribers: 31,000 (as of 8/1/82)
Rates: Installation: $59.95 Deposit: None
Monthly: $21.95 Additional tier: None

Dayton
Franchisee: ON TV
Licensed station: 66
5170 Fishwick
Cincinnati, Ohio 45216
(513) 641-4400
General manager: James Casey
Franchisee parent firm: Home Entertainment Network, a subsidiary of United Cable Television Corp.
Metro population: 300,000
Application granted date: 6/77
Start-up date: 6/81
Programming: ON TV, stand-alone programming and program guide based in Cincinnati office. ON PLUS, adult tier programming locally.
Subscribers: *69,018 (as of 6/15/82)
Rates: Installation: $54.95
Monthly: $20.95 Additional tier: $4.95
*Combined Dayton and Cincinnati

OKLAHOMA

Oklahoma City
Franchisee: Golden West STV of Oklahoma City Inc.
Licensed station: 43 KHIC
11901 North Eastern
Oklahoma City, Okla. 73113
(405) 478-4300
General manager: George Hicks
Franchisee parent firm: Golden West Broadcasters
Metro population: 1,000,000
Application granted date: 3/6/80
Start-up date: 10/15/80
Programming: Movies, sports
Subscribers: 15,000 (as of 6/82)
Rates: Installation: $49.95
Monthly: $25.95

Tulsa
Franchisee: Tulsa STV (Subscription Television)
Licensed station: 41 KGCT
5846 S. 99 East Ave.
Tulsa, Okla. 74145
(918) 622-3891
General manager: Jack Mann
Franchisee parent firm: Satellite Syndicated Systems Inc.
Metro population: 400,000
Application granted date: 11/80
Start-up date: 3/23/81
Programming: Basic, movies, sports, adult programming
Subscribers: 10,000 (as of 8/1/82)
Rates: Installation: $29.95 Deposit: $50.00
Monthly: $22.95 Additional tier: $4.95

OREGON

Greater Willamette Valley (Salem)
Franchisee: Willamette Subscription TV
Licensed station: 22 KECH
9320 SW Barbur Blvd. PO 19817
Portland, Ore. 97219
(503) 293-6666
General manager: Chris Desmond, Arnold Brestin
Franchisee parent firm: Willamette Subscription TV
Metro population: 788,000
Application granted date: 7/81
Start-up date: 1/82
Programming: ON TV, movies, sports, concerts, pay-per-view
Subscribers: 13,000 (as of 8/21/82)
Rates: Installation: $59.95 Deposit: None
Monthly: $19.95 Additional tier: $4.95

PENNSYLVANIA

Philadelphia
Franchisee: PA Pay TV
Licensed station: 57 WWSG
300 Domino Lane
Philadelphia, Pa. 19128
(215) 483-4550
General manager: Al Tedesco
Franchisee parent firm: RBC Communications Corp. (Radio Broadcasting Co.)
Metro population: 6,000,000
Application granted date: 10/78
Start-up date: 6/15/81
Programming: Movies, sports
Subscribers: 12,000 (as of 5/15/82)
Rates: Installation: $39.50
Monthly: $19.95

TEXAS

Dallas
Franchisee: Preview
Licensed station: 27 KTWO
433 Regal Row
Dallas, Texas 75247
(214) 637-1234
General manager: John Kruger
Franchisee parent firm: American TV & Communications Corp. (ATC)
Metro population: 3,563,200
Application granted date: 4/80
Start-up date: 1/26/80
Programming: Blockbuster movies
Subscribers: 30,900 (as of 6/12/82)
Rates: Installation: $24.95
Monthly: $19.95

Dallas, Fort Worth
Franchisee: National Subscription TV of Ft. Worth
Licensed station: 21 KTXA
1722 E. Randol Mill Rd.
Arlington, Texas 76011
(817) 261-3366
General manager: Ed Frazier
Franchisee parent firm: Oak Communications
Metro population: 1,200,000
Application granted date: 3/80
Start-up date: 2/26/81
Programming: ON TV
Subscribers: 26,276 (as of 8/10/82)
Rates: Installation: $49.95 Deposit: $25.00
Monthly: $19.95 Additional tier: $5.00

Dallas
Franchisee: Golden West STV of Dallas Inc.
Licensed station: 33 KNBN
901 West North Carrier Parkway
Grand Prairie, Texas 75050
(214) 988-3005
General manager: George Hicks
Franchisee parent firm: Golden West Broadcasters
Metro population: 3,500,000
Application granted date: 3/5/80
Start-up date: 11/15/80
Programming: Movies, sports
Subscribers: 40,000 (as of 8/82)
Rates: Installation: $49.95
Monthly: $19.95

WISCONSIN

Milwaukee
Franchisee: SelecTV
Licensed station: 24 WCGV
4085 N. 128 St.
Brookfield, Wis. 53005
(414) 783-4940
General manager: Glen Clark
Franchisee parent firm: SelecTV
Metro population: 1,510,275
Application granted date: 6/73
Start-up date: 6/80
Programming: Basic tier—Prime Time, Adult tier—Night Owl
Subscribers: 30,000 (as of 8/1/80)
Rates: Installation: $49.95 Deposit: $50.00
Monthly: $22.45 Additional tier: $5.00

WISHING ON A STAR

By Fred Dawson

For anyone who still thinks DBS stands for Definitely Blue Sky, a word of caution: The rush of recent events has put a slightly different connotation on those letters – it's more like Direct Broadcast Stampede.

The key development, of course, has been the FCC's approval of extremely liberal interim rules for licensing and operation of direct broadcast satellites (DBS), setting the stage for rapid action on eight applications already in the works. In addition, with the recent announcements by Oak Satellite Corp. and United Satellite Television that they intend to deliver medium-power DBS signals from the Canadian Anik C-2 satellite soon after it is launched in May of 1983, the debut of what some call pseudo-DBS could come as early as mid-1983.

Now that much more of the technological, regulatory and developmental framework is in place, the assumption that DBS operations will be limited to a few premium services and a largely rural marketplace is not necessarily valid. There are other possibilities.

It is conceivable that by 1987, virtually anyone, anywhere, owning or leasing a single two- to three-foot non-rotating antenna could have push-button access to 30 or more channels of varied services, ranging from basic cable-like programming through scrambled premium channels to pay-per-view and teletext.

But technology and regulation have only recently made such a scenario feasible. Despite the promise, there are significant barriers to development of this budding industry, including scarcity of capital, lack of cooperation among DBS applicants and disagreements over the nature of the DBS market appeal. In fact, with other television delivery systems rapidly reducing the number of unserved households, there are many experts who would side with Alan Flaherty, senior associate of Kalba Bowen Associates and former vice president and general manager of Golden West STV, who says DBS is in danger of being "a technology whose time has passed before it's come."

The advocates of DBS are betting millions there's a gold mine in cable's leftovers. Or do they have a grander scheme in mind?

As envisioned by the FCC in its June 23 rulemaking, DBS will operate in the 12.2 to 12.7 GHz portion of the Ku-band, with uplinks in the 17.3 to 17.8 GHz spectrum. If all current plans are realized, there could be 35 satellites devoted exclusively to DBS operating by 1988, with another handful of Ku-band birds offering some DBS transponder space as well.

There are 10 applications for full-scale national DBS operations now pending before the FCC (a count that excludes the limited regional application approved for filing from Focus Broadcast and the medium-power DBS plan of United Satellite Television). The eight applications already approved for filing represent a diversity of approaches that could only be taken under one of the most liberal rulemakings in FCC history.

Ground rules

In its decision the commission said this "flexible" approach is designed to ensure rapid delivery of DBS to the public and to let the marketplace determine the right product mix. Applicants opting for control over programming will be subject to the provisions of the Communications Act pertaining to broadcasters, while those going the

Proposed DBS programming

Applicant	Types of Service Proposed (By Channel)
CBS Inc.	**(1)** HDTV, stereo sound delivery of network programming to affiliate stations: **(2)** HDTV Pay Service to cable systems and direct to households; **(3)** Other pay TV to home services as well as satellite-to-theater distribution and closed circuit to business and other entities.
Direct Broadcast Satellite Corp.	**(1-6)** Leased on common carrier basis.
Graphic Scanning Corp.	**(1-2)** Direct-to-home subscription services, including movies and other video programming as well as wide range of teletext.
Oak Satellite Corp.	**Phase 1** (from Anik C to U.S. Northeast): **(1)** ON TV like subscription to non-cable market households as well as SMATV, MDS, LPTV, cable systems, etc.; **(2)** Specialized pay TV to same markets as above, including old movies, news, culture, etc. **Phase 2** (from 1 DBS satellite to Northeast and Southeast U.S.): **(1-2)** Same as Phase 1; **(3-4)** Advertiser supported services; **(5-6)** Leased to other programmers. **Phase 3** (from 4 DBS satellites to entire U.S.): **(1-6)** Same as Phase 2; **(7-12)** To be determined.
RCA Americom Inc.	**(1-6)** Leased to other programmers on non-common-carrier basis, with possible reservation of 1 or 2 channels for NBC and other RCA subsidiaries.
Satellite Syndicated Systems Inc.	**(1)** Pay-per-view from variety of sources; **(2)** Subscription movie service; **(3)** SPN-type programming and "Home Satellite Mail Service."
Satellite Television Corp. (Comsat)	**(1)** Movies, concerts, etc. offered on pay-per-view and subscription basis; **(2-3)** Wide range of programming similar to basic cable.
United States Satellite Broadcasting Co.	**(1)** General broadcast network type programming, advertiser supported, distributed to independent TV stations; **(2)** 24-hour news; **(3)** To be determined.
Video Satellite Systems	**(1)** General broadcast network type programming, advertiser supported, distributed to independent TV stations; **(2)** To be determined.
Western Union	**(1-4)** Leased channel service on non-common-carrier basis.

common carrier route will be governed by common carrier statutes. But neither type of applicant will be subject to the FCC's own non-statutory broadcast and common carrier rules, with the exception that the broadcast group will have to meet the commission's equal opportunity requirements. Thus, DBS operators offering broadcast-like services will be subject to the fairness doctrine of the Communications Act, but not to FCC ascertainment requirements or to multiple ownership rules not mandated by statute.

The interim licenses will be granted for five years with the stipulation that construction contracts be completed within a year of the permit grant and that operations begin within six years. There are no restrictions on the number of channels any one operator can control. All construction permits will be subject to the outcome of the 1983 Region 2 Administrative Radio Conference (RARC), which will set DBS frequency and orbital slot allotments for nations of the Western Hemisphere.

Among the DBS applicants, there

Cooperation among DBS operators might lead to major economies of scale, as well as more programming choices for DBS customers.

are giants like RCA Americom, Western Union and Comsat, as well as newly formed ventures that will require a very positive response from the financial community if they are to get off the ground. Capital projections for satellite hardware and launch alone hover around $500 million per applicant, with a low of $136 million in the Graphic Scanning Co. application and a high of $760 million envisioned for the four extremely high-powered birds of RCA Americom. (See accompanying story and charts for detailed descriptions of each applicant's programming and launch plans.)

While the DBS applications have been found wanting in many respects, no one has criticized them for lack of imagination in the variety of approaches taken to programming and distribution. Some applicants, like Comsat's Satellite Television Corp. and Hubbard Broadcasting's United States Satellite Broadcasting, plan to develop their own programming over three or four channels of service to be beamed to each DBS zone. Others, like RCA Americom and Oak Satellite Corp., will

develop some of their own programming and select the remainder from other providers. One applicant, CBS would use DBS for delivery of high-definition television. However, the FCC's failure to endorse the CBS call for major utilization of the DBS spectrum for HDTV leaves some doubt over whether CBS will proceed with its plan. And one applicant, Direct Broadcast Satellite Corp., intends to makes its six national and 24 spot beam channels available to programmers on a first-come, first-served basis, with sufficient flexibility to accomodate pay-per-view, teletext and HDTV, as well as the more traditional programming formats.

Some applicants see the rural resident as the primary customer, while others are geared to appeal to SMATV, MDS and cable operators, independent broadcast stations, urban dwellers or other likely customers for premium services.

Affordable gear

The gleam in the eyes of all these applicants is a reflection off that tiny $300 dish. Contrary to what some believe, it is not the higher Ku-band frequencies that make two-foot antennas and other low-cost DBS receiving equipment possible. In fact, the higher frequencies, subject as they are to greater losses from rain and other atmospheric conditions, would require even larger earth stations than those currently employed for C-band signal reception were it not for the higher transmitting power called for in the DBS applications. While most currently operating C-band transponders deliver at five or six watts of transmitting power, the DBS proposals typically call for some 200 watts per transponder, with some going as high as 400 watts.

The size and weight of the equipment necessary to deliver such power limits the number of transponders to four or six per satellite, as compared to the 24 transponders typically operating on C-band satellites. In addition, the higher power beams cover less territory, which means a DBS operator will have to launch three or four satellites just to deliver six channels of programming nationwide.

(There is a small-scale battle going on among DBS applicants over just how many satellites are necessary to

Can the lineup stand up?

An important point overlooked in many discussions about direct broadcast satellite (DBS) systems is that under current applications and FCC doctrine, DBS very well could end up being dominated by some of the same services offered by cable television. The fate of DBS is not necessarily wedded to the success of made-for-DBS programming services.

Because Comsat's Satellite Television Corp. (STC) has been in the forefront for nearly three years, STC's approach to programming made-for-DBS only is often skepticism. There are already 47 television services operating from C-band satellites and another 21 planned for near-term startup. Who needs still more programming services?

The truth is, the lion's share of proposed DBS channel capacity is not slated strictly for new programming ventures. The total number of proposed channels with nationwide reach in the 10 DBS applications before the FCC is 47 (which is at least 11 more than is feasible within the 500 MHz spectrum allotted for DBS delivery), and only 16 of those have been designated by applicants as channels exclusively for new services. The remaining 31, constituting 66 percent of the total, are intended for lease to program suppliers who may or may not be suppliers of programming already developed for other delivery modes.

If these proportions hold as the FCC issues construction permits, this would mean that out of the 36 nationwide channels feasible for DBS delivery, only 34 percent, or 12 channels, would be used for new programming developed by DBS operators. [Note: There would be 36 channels feasible if the minimum proposed bandwidth of 16 MHz is adopted. The last Regional Administrative Radio Conference recommended 18 MHz.]

Four applicants are putting all their eggs in the new programming basket and two more would lease some channels and use others for their own new services. In the first category are STC (three channels), United States Satellite Broadcasting (three channels), Video Satellite Systems (two channels) and Graphic Scanning Corp. (two channels). In the second group are Oak Satellite (four channels of Oak programming, with one channel effectively a replication of ON TV, two channels designated for leasing, and six channels for undetermined use after 1988) and Satellite Syndicated Systems (four SSS-programmed channels and two to be leased). Oak and SSS are not among the first-round DBS applicants and will have to await processing of all initial applications already approved for filing before getting a reaction to their proposals.

In a class all its own is CBS, which would rely on programming already developed for broadcast, cable and other outlets to fill its three channels. The CBS approach is to deliver three categories: regular network fare, premium service and pay-per-view—in an HDTV mode. With its new pay-per-view production deal with 20th Century-Fox, CBS will be developing the foundation for premium and pay-per-view services regardless of DBS plans, which are in abeyance owing to lack of spectrum space available for terrestrial delivery of HDTV.

The three remaining applicants—which offer 16 channels among them, and include Direct Broadcast Satellite Corp., RCA Americom and Western Union—would lease their transponders to other entities who may or may not be using programming already developed for other delivery systems.

As for the six DBS applicants who are relying heavily on their ability to develop made-for-DBS fare, most have identified what they believe to be markets so viable that it's worth the effort to start new programming ventures.

In STC's case, the primary markets are SMATV and rural residences. While the SMATV market would pit STC against established program suppliers, especially if resistance of cable's pay TV suppliers to that market is broken, STC's only competition in the rural marketplace would be

other DBS distributors. Analysts generally agree that the underserved rural areas comprise a lucrative market, but most doubt the pie can be cut more than two or three ways, let alone 10. STC has budgeted $76 million for program service development, which will be done through purchase of product from established producers. (See accompanying story on STC's plans, page 20.)

United States Satellite Broadcasting's (USSB) approach is by far the most ambitious among the first-round applicants. A subsidiary of Minneapolis-based Hubbard Broadcasting, which operates independent television stations in its home base, Albuquerque, N.M., Cyprus Gardens and St. Petersburg, Fla., the company wants to establish a fourth national broadcast television network using Ku-band satellites.

The fourth network

According to USSB Vice President Robert Fransen, the first of USSB's three DBS channels will have formats much like the other major broadcast networks have, with situation comedies, variety shows, drama, movies, public affairs, news and sports programming from a variety of sources, including the participating independent stations themselves. USSB plans to spend $600 million of its $960 million budget to get this programming together and anticipates ad revenues of $840 million annually. While the primary purpose is to distribute programming to affiliated stations, the first channel signal would be unscrambled so that anyone with DBS reception equipment could pick it up, thereby increasing the advertising base.

Fransen said over 100 stations, including some current network affiliates, have expressed interest in the venture, as have several potential sources of financing. But as with all the applicants, progress awaits final FCC approval.

USSB also plans to operate a 24-hour news service, which critics say is unnecessarily duplicative. No decision has been made yet on what USSB will put on its third proposed DBS channel.

Video Satellite Systems (VSS) also intends to develop programming for distribution by broadcast stations,

'We're looking to meet today's needs, but we don't want to have to throw the system out tomorrow.'

Bob Zitter, director of network operations, HBO

but its signal will be scrambled and unavailable to homes served by the VSS affiliates. About 10 hours worth of daily programming is to be developed by a companion company, Dominion Satellite Network of Naples, Fla., which has begun building studios, according to company sources. The remainder of the programming for the first channel, which will feature broadcast TV-like family entertainment, will be obtained from other sources. VSS intends to offer public affairs and religious programming on its second channel.

VSS President George Metcalf, a former communications engineer for NASA, indicated programming efforts will remain on hold until the FCC gives the go-ahead. With capital requirements of $228 million, Metcalf acknowledges, "It's going to take a lot of guts to pull off this DBS caper."

Graphic Scanning Corp., an Englewood, N.J.-based specialist in electronic paging and data communications services, has asked permission to operate two DBS channels of premium services, including movies, sports and performing arts, using the vertical blanking interval for delivery of textual material.

Leading the pack

Oak, with one channel dedicated to a premium service in the style of ON TV, appears to be moving into position as a large-scale programmer under the DBS banner. Oak will be the first supplier of DBS programming, starting with Canada's Anik C in the Northeast U.S. in 1984. The lineup eventually might include advertiser-supported projects in the narrowcasting mode and possibly a nationwide "university of the air." The phased development plans both of SSS, already a program provider on C-band, and of Oak allow the maximum flexibility to lease space to other providers if the economics of DBS so dictate.

While all of these plans constitute an ambitious undertaking in new programming, there is every indication that DBS will end up being another distribution system for programmers already in operation, especially pay-per-view providers.

Pay-per-view is a theme running through the minds of many applicants, as is HDTV. Together these concepts present a formidable opportunity for DBS to capitalize on services that are cutting their teeth in the present marketplace.

As other currently operating providers—HBO, The Movie Channel, Showtime, *et al.*—watch the developing DBS scenario, one cannot assume their loyalty to cable will bar them from DBS transponders, especially if other programmers appear to be gaining a competitive edge in new markets. Asked whether HBO is looking at DBS, Bob Zitter, director of network operations, replied: "We haven't made a decision yet." He added that in deciding on an encryption system for its C-band operation, the company is taking into account the potential for DBS operations. "We're looking to meet today's needs," he said, "but we don't want to have to throw the system out tomorrow."

Bill Pritchard, president of DBS Corp., believes his company's common-carrier approach to leasing transponders holds the greatest promise for opening DBS up to every type of programming imaginable at national distribution prices far below current modes. "We expect the hourly lease rate for transponder space to cover the entire nation to be under $10,000," he said. "DBS isn't just premium television. It will be advertiser-supported programming, news, public affairs, data and information services of all kinds. Broadcasting stations in orbit is our idea of what DBS will be."

At $10,000 an hour it's not hard to imagine that many of the 47 programming services currently operating on C-band satellites will be waiting in line to gain access to the DBS subscriber universe. —*FD*

DBS proposed system profiles

Applicant*	# of channels	Channel Bandwidth	Time Frame	Capital Investment	# of Satellites (spares)	Downlink Power Per Transponder
CBS Inc.	3	27 MHz	Uncertain	Not Filed	4 (2)	400 Watts
Direct Broadcast Satellite Corp.	6 Nationwide, 24 spot beam channels to cities or other small geographic areas	22.5 MHz	1986 launches	$600 M	3 (1)	200 Watts (spot beams to be low power)
Graphic Scanning Corp.	2	18 MHz	1986 launches	$136M	2 (1)	300 Watts
Oak Satellite Corp.	2-Phase 1 6-Phase 2 12-Phase 3	N/A	Phase 1-1984 Phase 2-1986 Phase 3-1988	Phase 1-$152 M Phase 2-$119 M Phase 3-N/A	Phase 2-1 Phase 3-4 (2)	N/A
RCA Americom Inc.	6	24 MHz (2 upgradable to 72 MHz for HDTV)	Not Filed	$760 M	4 (2)	230 Watts
Satellite Syndicated Systems Inc.	6	N/A	Pay-per-view to begin from Spacenet 1 in 1984	$529 M	4 (2)	N/A
Satellite Television Corp. (Comsat)	3	16 MHz	1986 launches	$400 M	4 (2)	185 Watts
United States Satellite Broadcating Co.	3	16 MHz	Mid 1980s launch	Uncertain	2 (1)	230 Watts
Video Satellite Systems	2	18 MHz	1985-1986 launch	$288 M	2 (1)	150-190 Watts
Western Union	4	16 MHz	1985 launch	$450 M	4 (2)	100 Watts

*All applicants with exception of Oak Satellite and Syndicated Satellite Systems have been approved for filing. Oak and SSS will be treated as second round applicants.

allow one operator to reach the entire country. The FCC's preliminary position is that it wants to go to RARC '83 asking for four zones of coverage for U.S. DBS services. But there are many applicants who argue that 200 watts per transponder — permitting a division of three zones — is a cheaper and better way to go. The medium-power DBS applications of Oak and USTV, envisioning 40 watts per transponder, lend weight to the argument that 300 or 400 watts per transponder might be overkill.)

Given the extraordinary expense of multiple satellite launches, DBS operators have to rely on reaching the masses with low-cost home earth stations and receivers. In its Preliminary Assessment of Prospects and Policy Issues pertaining to DBS, Kalba Bowen Associates speculated that Comsat's STC would break even in the late 1980s if it were to sign up five million subscribers at $25 per month. This estimate was based on a hardware and launch budget of $400 million together with programming costs running at 25 percent of subscriber revenues. Under this analysis, the reception equipment, including installation, would be priced at $800 initially, declining rapidly to about $300. Satellite Television Corp. anticipates lower initial equipment costs, which would result in an earlier breakeven date, all other things being equal.

'DBS is in danger of being "a technology whose time has passed before it's come."'

Alan Flaherty, senior associate, Kalba Bowen Associates

The consensus among manufacturers appears to be that DBS home receiver antenna packages in three to four years will be priced from under $300 to nearly $700. The upper end of the spectrum reflects the higher cost for 1.2 meter equipment that will be employed to receive the medium-power DBS signals of USTV. The DBS equipment prices would be well under current C-band home reception hardware costs, which begin at $2,800 for the cheapest systems. DBS applicants call for a number of approaches to getting equipment in the home, including

long-term financing and leasing arrangements.

Too many players

Analyzed in the context of the current go-it-alone approach of most applicants, DBS doesn't look like a hot item to many observers. Ten DBS operators competing for the same rural subscriber market, they say, will leave a lot of losers on the playing field. At $500 million in start-up costs and tens of additional millions to cover programming, it will take penetration in the five to 10 million household range to bring the per-home costs into reasonable line with other delivery systems. (The exception is cable, which at $600 or better per home at current construction costs is well over the $250 per-home cost associated with a DBS operator reaching five million subscribers—but cable's per-channel/per-home costs are way under the DBS ratio.)

Bob Smith, Chase Manhattan vice president responsible for lending in telecommunications, offers a market analysis that mirrors the opinions of many experts. On the assumption that any one subscriber to DBS service will be getting only three or four channels of programming, Smith sees the DBS a market as limited primarily to homes in areas receiving five or fewer channels of service from all sources.

By 1990, he said, this market probably will amount to between 15 million and 20 million homes. Calculating a 30 percent penetration rate at monthly subscriber fees of $25, Smith said DBS could have about six million potential subscribers by 1990. AT $300 billion per year per subscriber, this would mean in its universe a $1.8 billion market.

Divided among four DBS providers, Smith said, this would constitute a lucrative business, producing on the order of $200 million in operating income per operator. But with at least ten applicants vying for this market, Chase Manhattan would be willing to back only the strongest players, probably limiting itself to two. To effect such financing, Chase would probably participate with two or three other banks in an effort to form a lending group of 12 to 14 institutions. Smith said the likely financing arrangement would involve a two- or three-year revolving credit, peaking in the third year, with full repayment in year four.

Smith is skeptical of the ability of some DBS applicants to raise the money. He points out that there already is a "large overhang" of $6 billion in outstanding financing of satellite projects. "It's difficult to envision banks and others coming up with the additional $4.5 billion needed by all the DBS participants, especially under current economic conditions," he said.

Bob Filep, president of Communications 21 Corp., a specialist in communications ventures, goes even further than Smith in cautioning against over-enthusiasm for DBS. For one thing, he notes, the rapid penetration of cable, MDS, SMATV and STV has been cutting into the presumed rural marketplace for DBS. In addition, he contends that DBS applicants have "grossly underestimated" programming and other front-end costs, probably by as much as 20 percent. Filep predicts only three DBS providers will ultimately survive.

Comsat's Satellite Television Corp. will offer its DBS customers 2½-foot satellite receiving antennas, similar to the one pictured here.

Copycats

Product duplication underlies much of the pessimism about DBS and its ability to expand out of the shrinking rural market. According to Alan Flaherty of Kalba Bowen, "The long-term salvation of DBS may come in the form of high-definition television. This is the type of product differentiation that may produce a distinction for DBS as a delivery system in markets already served by other providers."

Paul Bortz, a partner in the consulting firm of Browne, Bortz & Coddington, which prepared a report on DBS for the National Association of Broadcasters last year, recently told a seminar audience at the Satellite Communications Users Conference in Denver: "Bankers are getting hip to the pay TV downside, and DBS is a late player in the game. It is positioning itself as a copycat, something I always find puzzling. To me, there's not a whole lot that's bankable in the DBS plans."

The rationales behind these bleak assessments of DBS potential by leading observers of the pay television marketplace explain why DBS ranks pretty low on most cable operators' lists of things to worry about. Larry Howe, ATC senior vice president of development and another Denver satellite conference participant, expressed views common to many cable operators when he cited SMATV as the major challenge for the cable industry.

ATC and other operators, he noted, have begun forays into SMATV themselves. But when it comes to DBS, he said, the cable industry's edge in programming options, established presence and marketing know-how are hard to overcome. Howe predicted that any effort by DBS operators to penetrate markets already claimed by other service providers will encounter the same difficulties ATC has had in selling STV in Dallas and Boston.

Combine and conquer

Obviously, if all the foregoing observations are accurate, DBS won't pose much of a threat in cable markets. Noticeably absent in these views is consideration of how cooperation among DBS operators might lead to major economies of scale, as well as more programming choices for DBS customers.

Right now, several DBS applicants are looking for ways to improve their competitive standing through cooperation with each other. For example, Hubbard Broadcasting's USSB (United States Satellite Broadcasting) has called for a system of sharing backup transponder space to cut down on the number of spare satellites that would have to be launched by applicants. There also has been talk of a shared space platform from which all DBS signals could be broadcast via powerful transmitters.

Another factor that could improve satellite efficiency is signal cross-polarization, which permits twice as many channels per satellite. GTE's G-Star I will be the first Ku-band satellite employing the technology, which was developed by Jack Keigler, manager of Communications Satellite Systems for RCA Astro-Electronics.

More important than any of these endeavors would be joint efforts aimed at facilitating access to more channels at the subscriber level. In this regard, two common misconceptions ought to be dispelled. One is that reception of DBS signals is technically impossible in the urban environment. The other is that a DBS dish would have to be repositioned in order to shift reception from one satellite to another.

As for DBS signal limitations in the urban environment, RCA Astro-Electronics' Keigler has this to say: "There is no technical barrier to reception in urban areas. The signal works as well there as anywhere, if not better."

Alcoa/NEC, the new joint venture, recently showed its DBS satellite receiving antenna at the Satellite Communications Users Conference.

Backing up this view are the positive results of urban transmission experiments conducted by Canada's Telesat with its Anik B satellite, which is a medium power Ku-band transmitter. In fact, the success of these tests underlies the decisions of both Oak Satellite and USTV (United Satellite TV), a joint venure of General Instrument, Pop Satellite Inc. and Allstar Satellite Network Inc., to move ahead with plans to offer Anik C-2 signals to urban residents well in advance of most high-power DBS launches.

While Oak and USTV stress they will not encroach on cabled markets, they intend to offer several channels of service to both urban and rural households, as well as to SMATV operators, low-power TV outlets, MDS systems and other users. Both consider the highly urbanized Northeast a prime target for their Anik C-2 services.

According to Richard Blume, USTV vice president and partner and president of Pop Satellite, General Instrument has proven to the USTV joint venturers' satisfaction that the medium-power signals will permit good quality reception through 1.2-meter dishes. The exception, he said, would occur during a severe rain storm at 4 p.m., which is an hour when low angles of satellite elevation lengthen the rain paths through which signal attenuation occurs. Such problems would be minimized for DBS operators broadcasting from high-power satellites.

As for the other misconception common to observations about DBS, the home terminals would be able to pick up several satellites at once, as long as the satellites are co-located. With the FCC leaning toward specific orbital slot allotments for DBS satellites, there is a growing likelihood that many operators will be transmitting side by side.

To Wilbur Pritchard, president of Direct Broadcast Satellite and its parent, Satellite Systems Engineering Inc., co-location is the only way to go with DBS. "We want all the DBS applicants to succeed," he said. "DBS represents a whole revolution in television, if it's done right. The satellites should be co-located so that one antenna can pick up all the signals. Also, the receivers should be compatible. The FCC's failure to announce an intent to set receiver standards after 1983 was a mistake."

Pritchard and other DBS applicants want to make it as easy as possible for the customer to gain

access to channels 1 through 36 in the DBS system. Along with co-location of satellites and receiver compatibility, this would mean development of TV sets, encryption systems and descrambling equipment that would work with all systems.

Under this scenario of maximum compatibility, a subscriber would only need an electronic key for each set of scrambled services. "There is a magnificent opportunity for some manufacturer to develop equipment that would descramble everybody's signals," Pritchard said.

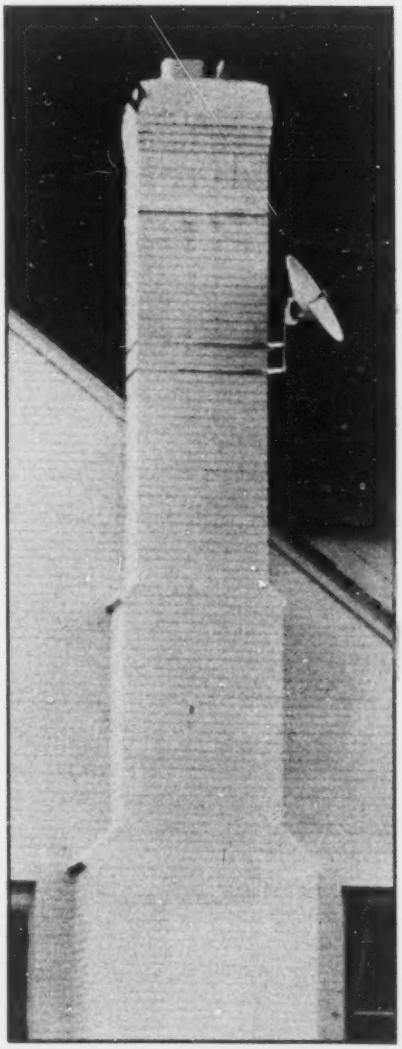
What if a significant number of DBS applicants and manufacturers were to join in cooperation along these lines? Would the economics of the business permit head-to-head competition with other delivery systems, including cable?

Chip Morris, vice president of development for Rifkin Fox Communications and former vice president of development at ATC, estimates the cable industry is spending about $10 per channel per subscriber to get service going in the average 40-channel system. If each DBS operator provides service through its own unique receiver and descrambling system with the rural market as primary target, the per-channel/per-subscriber costs would run well above the cable figure, probably in the $15 range, according to Morris.

Since any one DBS operator is limited to a few channels, the only way to get the per-channel/per-subscriber cost down is to expand the subscriber universe. This would be much easier to do if all DBS subscribers were using compatible equipment, since, as the number of channels available to each dish goes up, the number of potential subscribers to any one service would also increase. If, given this high channel capacity, the DBS market were expanded to include urban as well as rural residents, the per channel/per-sub ratio in DBS easily could be competitive with that in cable.

But even if such cooperation among DBS operators and manufacturers produces economies of scale along these lines, a feat many believe to be impossible in the current competitive environment, there is still the overriding question of program differentiation. In the opinion of Morris and others, if cable is there first with the program lineup, it's cable that will take the lion's share of the business.

Furthermore, it's cable that has the edge in program differentiation, since DBS cannot match cable's interactive programming capabilities. Although systems such as the one proposed by USTV might provide cable-like pay-per-view addressability in conjunction with automatic billing via phone hookups to central computers, truly interactive services will have to await the next generation of satellite technology.



Most manufacturers agree that DBS home receiver/antenna packages will be priced from under $300 up to $700 in three or four years.

Clearly, off on the communications horizon, there is the potential for an over-the-air, direct-from-satellite system of 30 or more channels of every type of one-way service conceivable, including HDTV, priced to permit easy access to advertiser-supported services as well as premium channels. If all the DBS players were to cooperate to the fullest extent possible, such a system could be in operation by 1988.

"We think DBS is going to have the best signal, the best opportunity to draw on data banks, to provide electronically published newspapers and magazines and to cut into those markets where cable hasn't upgraded or where significant numbers of people aren't taking cable," says Paul Abernethy, executive vice president of Alcoa/NEC, the newly formed DBS hardware venture of Alcoa Aluminum and Nippon Electronics.

It is safe enough to say DBS can thrive in the boondocks, or anywhere the forces of cable, STV, MDS and LPTV are loathe to tread. The more critical question is, does it have a chance to seduce the typical 45 percent of potential cable customers in any market who thus far have resisted joining the ranks of subscribers?

The answer is "not likely," if one expects the industry to shape up in the way it is presented in pending proposals. But the outlook could change if a cooperative scheme in fact materializes, if customers can choose from 30 channels as opposed to three or four, if the price is significantly lower than other sources and the programming is attractive enough.

But even then, the headier ambitions of some DBS advocates would be realized only if the cable industry loses the headstart it has in getting to market. With cable operators growing increasingly responsive to the threat of competition from all quarters, DBS marketers will have their work cut out for them if they choose to go after cable's turf. But don't be surprised if they take a shot at it. ■

NOTE

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